

# Five-Year Capital Improvements Program



CITY OF **FALLS**  
**CHURCH**



## **Fiscal Years 2008–2012**

### **Introduction**

The development of the City's Five-Year Capital Improvements Program (CIP) allows the City to take the shared and competing visions for the development of our public facilities through a disciplined evaluation process. By identifying projects and capital needs several years into the future, the City accomplishes the following objectives:

- Cost estimates for long-term objectives and identified needs are linked to available resources, and placed on a schedule for implementation;
- Major expenditures are scheduled in the context of a balanced Annual Operating Budget and a five-year financial forecast.

Capital projects are defined as a new, one-time project with a useful life of more than one year, and costing \$100,000 or more. The cost estimates included in the CIP are intended to capture the entire estimated project cost, including, as applicable, land acquisition, design, negotiated agreements, and construction. The total request for each project is evaluated and, based upon funding, is prioritized to meet the needs of the City.

The projects contained in the CIP support the goals and objectives outlined in the City's Comprehensive Plan and are intended to establish the long-term spending priorities identified by the City Council and consistent with the 2025 Vision.

The Planning Commission completed its review of this CIP on March 5, 2007. The City Manager is submitting the CIP to Council as adopted by the Planning Commission with no amendments.

## FIVE-YEAR CAPITAL IMPROVEMENTS PROGRAM

### City Manager's Recommended Capital Improvements Program General Fund and School Fund FY2008 – FY2012 Summary Table

CIP PROJECTS -- GENERAL FUND	FY2008	FY2009	FY2010	FY2011	FY2012	Project Totals
<b>Administrative Services</b>						
Document Management	-	100,000	-	-	-	100,000
Telephone System Replacement	170,000	-	-	-	-	170,000
<b>Total Administrative Services</b>	<b>170,000</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>270,000</b>
<b>Affordable Housing</b>						
Acquisition and Development	2,000,000	-	-	-	-	2,000,000
<b>Total Affordable Housing</b>	<b>2,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,000,000</b>
<b>Public Safety</b>						
Fire Station Upgrades	-	-	-	125,000	-	125,000
Ladder Truck	-	-	400,000	-	-	400,000
Ladder Truck - sale proceeds	-	-	350,000	-	-	350,000
Radio Upgrade - "Smartzone"	-	-	330,000	-	-	330,000
<b>Total Public Safety</b>	<b>-</b>	<b>-</b>	<b>1,080,000</b>	<b>125,000</b>	<b>-</b>	<b>1,205,000</b>
<b>Public Works</b>						
Washington Street Streetscape Design	100,000	-	-	-	-	100,000
Broad Street Improvements/Village Section	300,000	300,000	300,000	300,000	300,000	1,500,000
City Facilities Reinvestment	150,000	150,000	150,000	150,000	150,000	750,000
City Hall Improvements	330,000	8,000,000	-	-	-	8,330,000
Storm Water Facility Improvements	500,000	-	775,000	775,000	775,000	2,825,000
Tripps Run Stream Bank	150,000	-	-	-	-	150,000
Daylighting of Pipe Streams	-	300,000	-	300,000	-	600,000
Pedestrian & Traffic Calming Improvements	200,000	150,000	150,000	150,000	150,000	800,000
City Center-Transportation Improvements	469,000	478,000	418,000	424,000	424,000	2,213,000
City Center-Intermodal Transit Center-FY08 grant 2 yrs	782,000	435,000	451,000	-	-	1,668,000
City Center-Intermodal Transit Center	195,000	109,000	113,000	-	-	417,000
<b>Total Public Works</b>	<b>3,176,000</b>	<b>9,922,000</b>	<b>2,357,000</b>	<b>2,099,000</b>	<b>1,799,000</b>	<b>19,353,000</b>
<b>Recreation &amp; Parks</b>						
Athletic Fields - Rectangular	475,000	-	-	-	-	475,000
Park Master Plan Implementation	160,000	150,000	100,000	-	-	410,000
Park Master Plan Implementation-Hamlett/Rees	175,000	-	-	-	-	175,000
<b>Total Recreation &amp; Parks</b>	<b>810,000</b>	<b>150,000</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>1,060,000</b>
<b>Schools</b>						
Future Construction (new/ renovation)	-	-	-	800,000	50,000,000	50,800,000
Construction - Mount Daniel	-	-	-	-	-	-
Enrollment Study	-	100,000	-	-	-	100,000
Long-term Facility Planning	550,000	-	-	-	-	550,000
Systems Replacement Renewal Modernization	258,000	222,000	-	70,000	405,000	955,000
<b>Total Schools</b>	<b>808,000</b>	<b>322,000</b>	<b>-</b>	<b>870,000</b>	<b>50,405,000</b>	<b>52,405,000</b>
<b>TOTAL GENERAL FUND</b>	<b>6,964,000</b>	<b>10,494,000</b>	<b>3,537,000</b>	<b>3,094,000</b>	<b>52,204,000</b>	<b>76,293,000</b>
<b>SOURCES:</b>						
Grant/Other Funded	1,550,000	913,000	869,000	424,000	424,000	4,180,000
Total Debt Financed	2,000,000	8,000,000	400,000	800,000	50,000,000	61,200,000
Only if Grant/Revenue Offset	-	225,000	1,200,000	1,000,000	850,000	3,275,000
1% Total Revenues for CIP	-	682,429	706,314	731,035	756,622	2,876,400
Total "Pay as you go" Financed	3,414,000	673,571	361,686	138,965	173,378	4,761,600
<b>TOTAL SOURCES</b>	<b>6,964,000</b>	<b>10,494,000</b>	<b>3,537,000</b>	<b>3,094,000</b>	<b>52,204,000</b>	<b>76,293,000</b>

## Policy Issues

The Five-Year CIP for the period of FY 2008 through FY 2012 continues past commitments and addresses new challenges for the first time. As with last year's CIP, major funding is provided for City Hall improvements, transportation improvements on the primary corridors, open space acquisition and affordable housing. The CIP continues the City's strong tradition of maintaining the best possible school facilities and with the successful completion of the Mary Ellen Henderson Middle School and the Mount Daniel expansion, the focus now shifts to long-term facility planning.

Several new challenges are addressed in this CIP. The most significant examples are projects to adequately address storm water infrastructure, City Center intermodal transit center and recreational rectangular field. Also, a project to fund technology for the City's document management system is new to the CIP this year. This CIP also builds on past efforts to address the City's transportation infrastructure by looking beyond the primary corridors and setting the stage for residential street enhancements for traffic calming and pedestrian amenities.

An overview of some of the major policy discussions in this CIP are provided below:

*Affordable Housing:* This CIP presents the Planning Commission with the continued FY 2008 proposal for significant City funding to help address the loss of affordable housing. The basic strategy is to seek a public-private partnership to support the development of new affordable housing in the City. The FY 2007 housing assessment report will be completed in March 2007 and its recommendations will shape the next steps. Major funding in FY 2008 is requested to allow the City to leverage by state and federal resources in a meaningful way. Housing and Human Services staff projects that \$2 million could leverage approximately \$35 million in private investment with state and federal incentives toward an affordable housing development or series of projects.

*Recreation & Parks:* The Task Force on Open Space Acquisition completed its report to the City Council in 2005. The Recreation & Parks Advisory Board has completed the first annual report recommendations as required by the Open Space Report. The Annual Report contains an acquisition plan for meeting the City's open space needs and the recommendations were considered for this CIP. From this Annual Plan, the recommendations for rectangular field funding as well as master planning for new land acquisitions are included in the Recreation and Parks section but not the recommendation for ongoing open space funding.

The project named "Open Space Acquisition" carries forward the funding that was approved in the FY 2006 Budget. After the recent purchases of the Hamlett Tract and 215 S. Lee Street, a balance of \$1,581,000 remains.

*City Hall Improvements:* The City Hall Improvements planning is funded in FY 2007 to conduct the feasibility and conceptual plan for this project. This first phase of planning also includes an assessment of the long-term space needs for the Police Department. The engineering and design phase is scheduled for FY 2008 and construction funds are planned for FY 2009, as was presented in last year's CIP.

*Transportation:* As in last year's CIP, the funding stream available through VDOT's Six Year Improvement Program (SYIP) for transportation improvements on the primary corridors of Route 7 and Route 29 in the City is included. The immediate focus of funding and effort is on those areas of the City experiencing significant redevelopment. These increases in density must be accommodated with new roadway and intersection designs that accomplish the two goals of protecting the downtown commercial atmosphere and moving vehicles efficiently. The reconciliation of these two, often conflicting, goals is a major challenge and vital component of the economic success of our commercial corridors. Also included in the CIP plan is the City Center project for the intermodal transit center as well as pedestrian and traffic calming improvements, both projects will be refined based on the outcome of analysis under way in FY 2007 and FY 2008 respectively.

*Schools:* The past two years have been years of active construction and renewal. The City has witnessed the completion of the new Mary Ellen Henderson Middle School, new science labs at George Mason High School, and the improvements at Mount Daniel.

This CIP reflects a shift back to long term planning for school facility needs to prepare for the future round of construction in the out years. This planning effort requires funding for a long-term facilities study in FY 2008 and for a new enrollment study in FY 2009. These two efforts form the foundation of the next round of school facility planning and potential construction (new/renovation).

The CIP contains funding for the next major school construction project in FY 2011/2012. This funding allocation of \$50 million in FY 2012 has a significant influence on overall capital spending by the City in the intervening years. It will be necessary to minimize the use of debt financing to meet other City capital needs, if the City is to stay within its adopted debt service policy limits.

## FIVE-YEAR CAPITAL IMPROVEMENTS PROGRAM

Summary of the School Board Requested CIP:

SCHOOLS	FY2008	FY2009	FY2010	FY2011	FY2012	Project Totals
Future Construction (new/ renovation)	-	-	-	800,000	50,000,000	50,800,000
Construction -- Mount Daniel	-	-	-	-	-	-
Enrollment Study		100,000	-	-	-	100,000
Long-term Facility Planning	550,000	-	-	-	-	550,000
Systems Replacement Renewal Modernization	258,000	222,000	-	70,000	405,000	955,000
<b>Total Schools</b>	<b>808,000</b>	<b>322,000</b>	<b>-</b>	<b>870,000</b>	<b>50,405,000</b>	<b>52,405,000</b>

*Storm Water Infrastructure:* In many parts of the City, the storm water system is aging, undersized, and unable to convey the standard 10-year storm event. These deficiencies result in frequent flooding along some City streets and damage to private property. As the City carries out repairs to its existing storm water infrastructure, there will be opportunities for the implementation of measures that will improve water quality. As appropriate to individual circumstances, this might include daylighting streams, bio-engineered streambeds, and storm water detention and infiltration. Having significant CIP funding for storm water improvements increases the ability to implement necessary water quality measures and infrastructure replacement/upgrades. Given that revenues will not be increasing at the rate projection of 8 percent per year, the City needs to identify an alternate revenue source. One possible concept is a storm water utility fee. For FY 2010 through FY 2012 the proposed CIP storm water funding can only be funded if an alternative revenue source is established.

*City Center Improvement Needs and Resources:* This CIP provides funding for two vital projects related to the City Center which includes the Transportation Primary Corridor Improvements and the Intermodal Transit Center. The funding is primarily federal and state dollars which require a minimal locally funded match.

However, the City Center project is expected to require public investment in improved infrastructure, open space, public facilities, and other features that will create a "Great Place." The City's Comprehensive Plan was amended in December 2005 to include a detailed conceptual description of City Center (Chapter 4, pp. 32-41). The work of the City's transportation study consulting team, scheduled for completion in 2007, will be included in future Comprehensive Plan amendments. Those recommendations will identify infrastructure, land acquisition, and related transportation needs.

To implement the City Center plan, public funds may be needed to:

- Acquire land
- Build public parking structures
- Improve existing parks
- Build new public space and amenities
- Extend, add or realign streets
- Construct public or multi-use buildings
- Increase the capacity of sewer and water systems

Pending submittal and approval of a redevelopment plan for the first phases of the City Center project, it is possible that construction could begin in early 2008 and continue at least through 2012. The anticipated development program would result in private investment of about \$280 million in assessable real property value upon completion of the first phases of City Center, or about \$2.8 million per year at a tax rate of \$1.00 per \$100 in assessed value. Additional tax revenue to the City from personal property, grocery and retail sales, hotel occupancy, BPOL, and meals could easily exceed \$300,000 per year.

The build out of City Center will lead to incremental growth in the City's tax base each year until full value of the new investment is realized upon project completion. The table below is an estimate of the potential inflow of new real property tax revenue from City Center investment from 2008-2012, or the first five years following project approval.

## FIVE-YEAR CAPITAL IMPROVEMENTS PROGRAM

### Potential City Center Resources from Real Property Improvements

Year	2008	2009	2010	2011	2012
Estimated New Assessable Value	\$27.7 mil.	\$83.1 mil.	\$153.1 mil.	\$237.7 mil.	\$280 mil.
Annual Incremental Tax Revenue Over 2007 Base Value (at \$1.00/\$100)	\$277,000	\$831,000	\$1,531,000	\$2,377,000	\$2,800,000

The City's bond counsel advises that tax increment financing is not the optimal tool for the City to use for debt financing of capital projects, as it is more expensive than general obligation (GO) bond financing. However, the City could take advantage of the flow of new tax revenue generated from City Center investment by setting aside some or all of the incremental revenue stream to fund City Center-related projects on a "pay-as-you-go" basis to start with or later support debt service on GO bonds issued to pay for City Center improvements.

CIP PROJECTS -- UTILITY FUNDS	FY2008	FY2009	FY2010	FY2011	FY2012	Project Totals
<b>Water Utility</b>						
Telephone System Replacement	80,000					80,000
Chesterbrook Pump Station Upgrades	225,000	-	-	-	-	225,000
Kirby Road Water Main	-	-	-	-	700,000	700,000
McLean Pumping Station Improvements	75,000	600,000				675,000
Seven Corners System Improvements	-	385,000	700,000	-	-	1,085,000
Washington Aqueduct Residuals Disposal	1,800,000	400,000	-	-	-	2,200,000
Water Main Replacement (Route 50)	2,900,000	-	-	-	-	2,900,000
Water Main Replacement Program	1,000,000	1,000,000	2,000,000	2,000,000	2,000,000	8,000,000
Pumping Station Control Center	50,000	100,000	-	-	-	150,000
<b>Total Water Utility</b>	<b>6,130,000</b>	<b>2,485,000</b>	<b>2,700,000</b>	<b>2,000,000</b>	<b>2,700,000</b>	<b>16,015,000</b>
<b>SOURCES:</b>						
Debt Funded	6,050,000	2,485,000	2,700,000	2,000,000	2,700,000	15,935,000
"Pay as you go"	80,000	-	-	-	-	80,000
<b>TOTAL SOURCES</b>	<b>6,130,000</b>	<b>2,485,000</b>	<b>2,700,000</b>	<b>2,000,000</b>	<b>2,700,000</b>	<b>16,015,000</b>
<b>Sewer Utility</b>						
Arlington Wastewater Treatment Plant Upgrades	3,200,000	5,800,000	-	-	-	9,000,000
Fairfax Wastewater Treatment Plant Upgrades Phase I	328,311	328,311	328,311	328,311	328,311	1,641,555
Fairfax Wastewater Treatment Plant Upgrades Phase II	-	-	75,000	75,000	75,000	225,000
Falls Church Sewer Rehabilitation	400,000	400,000	400,000	400,000	400,000	2,000,000
<b>Total Sewer Utility</b>	<b>3,928,311</b>	<b>6,528,311</b>	<b>803,311</b>	<b>803,311</b>	<b>803,311</b>	<b>12,866,555</b>
<b>SOURCES:</b>						
Debt Funded	3,200,000	5,800,000	-	-	-	9,000,000
"Pay as you go"	728,311	728,311	803,311	803,311	803,311	3,866,555
<b>Total Sources</b>	<b>3,928,311</b>	<b>6,528,311</b>	<b>803,311</b>	<b>803,311</b>	<b>803,311</b>	<b>12,866,555</b>

*Utility Fund:* As was the case last year, the principal challenges to both the Water and the Sewer Utility Funds are capital costs incurred by our regional partners, which we must pass through in our rate schedules.

With respect to the Water Fund, changes at the Dalecarlia Treatment Plant will put an added strain on our ability to finance the long-term capital needs of the system.

Likewise for the Sewer Fund, upgrades at the two wastewater treatment plants that our system uses will translate into upward pressure on our rates and our ability to meet capital needs.

# FIVE-YEAR CAPITAL IMPROVEMENTS PROGRAM

## Five-Year Budget Projection Through FY2012

	FY2006 Actual	FY2007 Budget	FY2008 Projected	FY2009 Projected	FY2010 Projected	FY2011 Projected	FY2012 Projected
<b>Revenues</b>							
Total Revenues @ 3.5%	61,159,142	63,705,518	65,935,211	68,242,944	70,631,447	73,103,547	75,662,171
<b>Capital Improvements Program</b>							
Capital Improvement Expenditures		(3,663,000)	(6,964,000)	(10,494,000)	(3,537,000)	(3,094,000)	(52,204,000)
Proceeds from capital grant funds		796,000	1,550,000	913,000	869,000	424,000	424,000
Proceeds from bond sale		-	2,000,000	8,000,000	400,000	800,000	50,000,000
Only if grant/revenue offset		-	-	225,000	1,200,000	1,000,000	850,000
1% of Total Revenues for Capital Improvements				682,429	706,314	731,035	756,622
Net Cash Flow from CIP	-	(2,867,000)	(3,414,000)	(673,571)	(361,686)	(138,965)	(173,378)
Fund Balance, beginning	14,207,576	16,585,323	13,718,323	10,304,323	9,630,752	9,269,067	9,130,102
Fund Balance, end of year	16,585,323	13,718,323	10,304,323	9,630,752	9,269,067	9,130,102	8,956,724
<b>Key ratios</b>							
Fund balance as % of revenues	27.1%	21.5%	15.6%	14.1%	13.1%	12.5%	11.8%
<b>Debt Service</b>							
Existing	5,234,687	5,237,573	4,956,292	4,905,963	4,830,151	4,827,298	3,925,397
New	-	-	-	200,000	1,000,000	1,040,000	1,120,000
Total	5,234,687	5,237,573	4,956,292	5,105,963	5,830,151	5,867,298	5,045,397
Debt service as % of expenditures @ 3.5%	8.6%	8.2%	7.5%	7.5%	8.3%	8.0%	6.7%
<b>Fund Balance</b>							
Policy Limit (12% of Revenues) @3.5%	7,339,097	7,644,662	7,912,225	8,189,153	8,475,774	8,772,426	9,079,461
<b>Debt Service</b>							
Policy Limit (10% of Expenditures) @3.5%	6,115,914	6,083,852	6,252,121	6,756,937	7,026,976	7,296,458	7,548,879